

LIVE ACTIVE LEISURE LTD
ANNUAL REPORT

2011/2012

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CHAIRMAN'S STATEMENT

I am pleased to present the Annual Report on the operation of Live Active Leisure Limited for the Financial Year to 31 March 2012.

The Company has enjoyed a successful year meeting and exceeding many of its targets.

I would like to record my appreciation of the effort and dedication of all Company employees and of course my fellow Directors on the Board of Live Active Leisure, all of whom contribute in no small way to successes enjoyed.

The increasingly challenging environment in which the Company now operates makes it particularly relevant to recognise the importance of partnership working as the Company strives to deliver a sustainable range of high quality facilities and services for the people of and visitors to, Perth and Kinross. Equally, I recognise the beneficial relationship the Company enjoys with a range of individuals and other organisations; especially noteworthy are Perth & Kinross Council, NHS Tayside, The Gannochy Trust and other Sports and Leisure Trusts.

Despite a year full of challenges, I have no doubt that the Company has made considerable progress and demonstrated the tremendous benefits that it delivers through its comprehensive and diverse range of sports, leisure and physical activity services.

The Company's activities play an integral roll in enhancing the lives of so many people across Perth and Kinross whilst also acting as an economic stimulus of even greater value during times of such economic challenge. These many activities and initiatives for promoting more active lifestyles are carefully aligned to capture 'once in a lifetime' opportunities to 'ride the wave' of both the 2012 Olympics and the 2014 Commonwealth Games.

The Directors are determined that such a focus is not lost during such challenging times and remain committed to Live Active Leisure continuing to serve the communities of Perth and Kinross in a way that meets need and aspiration wherever possible. I have no doubt that exciting times lie ahead for sport, leisure and physical activity and the Company has ambitious plans that can ensure that Perth and Kinross residents enjoy opportunity of the highest order.

In celebrating the success of the past year I am mindful of the great facilities, services, experience and professionalism available within and to the Company and I am delighted that such a valuable resource remains available for the benefit of the increasing numbers of customers of Live Active Leisure in the years ahead.

Linton Scarborough
Chairman
Live Active Leisure Limited

Dated:

REFERENCE INFORMATION

DIRECTORS

G Bannerman
P Bing (Resigned 06.10.11)
W Duncan – Vice Chairman
K Dunn
S Edwards (Resigned 10.06.11)
J Hunter
L Scarborough - Chairman
P Stewart – Vice Chairman
Councillor J Coburn
Councillor A Jack (Resigned 23.05.12)
Councillor J Kellas (Resigned 23.05.12)
Councillor H Stewart (Appointed 23.05.12)
Councillor G Laing (Appointed 23.05.12)

COMPANY SECRETARY & CHIEF EXECUTIVE OFFICER

J Moyes

COMPANY NUMBER

Registration No. SC042641

REGISTERED CHARITY NUMBER

Registered Charity No. SC000175

REGISTERED OFFICE

Caledonia House
Hay Street
Perth
PH1 5HS

WEBSITE

www.liveactive.co.uk

AUDITOR

Campbell Dallas LLP
Chartered Accountants & Registered Auditors
4 Atholl Crescent
Perth
PH1 5NG

BANKERS

The Co-Operative Bank
29 Gordon Street
GLASGOW
G1 3PF

SOLICITORS

Anderson Beaton Lamond Solicitors
Bordeaux House
31 Kinnoull Street
PERTH
PH1 5EN

LIVE ACTIVE LEISURE LIMITED
(Company Limited by Guarantee and not having a Share Capital)

DIRECTORS' REPORT (Incorporates Trustees Report)

ACCOUNTING CONVENTION

The Directors, who are also Trustees of the Company for the purposes of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities", submit their annual report and the audited financial statements for the year ended 31 March 2012.

The Directors have adopted the provisions of the Companies Act 2006, the SORP "Accounting and Reporting by Charities" and the Charities Accounts (Scotland) Regulations 2006 in preparing the annual report and financial statements.

OBJECTS OF THE COMPANY

Live Active Leisure Limited is a private company, limited by guarantee. The Company's origins date back to 1965 when the Company was first incorporated under the name Bell's Sports Centre (Perth) Limited. The Memorandum and Articles of Association set out the objects for which the Company is established. The principal objects for which the Company is established are to provide and to assist in providing, in the interests of social welfare, recreational facilities and leisure time occupation for members of the public with the object of improving the condition of life of the inhabitants of Perth and Kinross. The objects of the Company also provide powers to erect and operate community sports centres, swimming pools, sports pavilions, changing accommodation, children's playgrounds and any other sports and recreational, community or leisure facilities throughout Perth and Kinross and to co-operate with and assist persons or organisations involved in the provision of such facilities.

ORGANISATION

The Company Board comprises 11 Directors of which 3 are nominated by Perth & Kinross Council. The Board meet on a bi-monthly basis and oversee the operation and governance of the Company. Directors also have individual specific remits for which they provide input and guidance.

The Directors who served the company during the period were as follows:

G Bannerman
P Bing (Resigned 06.10.11)
W Duncan
K Dunn
S Edwards (Resigned 10.06.11)
J Hunter
L Scarborough
P Stewart
Councillor J Coburn
Councillor A Jack (Resigned 23.05.12)
Councillor J Kellas (Resigned 23.05.12)
Councillor H Stewart (Appointed 23.05.12)
Councillor G Laing (Appointed 23.05.12)

The Company's management structure includes the Chief Executive Officer, J Moyes, who reports to the Chairman and has overall responsibility for the Company's strategic operation and governance.

LIVE ACTIVE LEISURE LIMITED
(Company Limited by Guarantee and not having a Share Capital)

DIRECTORS' REPORT (Continued)

LEGAL AND ADMINISTRATIVE INFORMATION

Appointment of Directors

It is the duty of the Company's Board to appoint new Directors.

Any vacancies on the Board are advertised in the press. Applications are invited from candidates who can demonstrate relevant experience or skills to support the operation of the Company and undertake a specific portfolio remit.

Selection is by interview.

Appointment of Elected Members

Perth & Kinross Council nominates three Elected Members to the Board for such a period as they deem fit and/or on their ceasing to be a Member of the Council.

Induction and Training of Directors

An induction process is in place for new Directors. This covers the strategic and operational issues affecting the Company. The ongoing training needs of Directors are considered by the Board from time to time.

Investment Powers

In accordance with Resolution 3 of the Company's Memorandum and Articles of Association the Company has the power to invest monies under its charge as may from time to time be prescribed by law for trust funds.

Co-operation with other organisations

The Company operates independently and has a contractual relationship with Perth & Kinross Council for the delivery of Sport and Leisure Services under the terms of a Contract. Representatives of Perth & Kinross Council, Education & Children's Services act as monitoring agents of the contract on behalf of the Council. Under separate arrangements the Company leases land from Perth & Kinross Council on the basis of peppercorn or nominal rents.

Employees

The Company's consultative structure includes a Joint Consultative Committee and Health and Safety Committee comprising employee and trade union representatives. There also exists an Employee Forum, consisting of nominated representatives from each site or service area within the organisation. The objective of the Forum is to encourage employees to become involved in Company operations by providing a platform for consultation and an opportunity for employees views to be heard.

Communication is also made to employees by way of a weekly newsletter and regular team meetings.

LIVE ACTIVE LEISURE LIMITED
(Company Limited by Guarantee and not having a Share Capital)

DIRECTORS' REPORT (Continued)

Policy on Equal Opportunities

Live Active Leisure Limited oppose any form of discrimination that disadvantages sections of the community and individuals because of the grouping with which they identify.

The Company seeks to achieve meaningful equal opportunities for all citizens, to reduce disadvantage and eliminate direct and indirect discrimination in the provision of services and the employment of people to deliver and administer those services.

The primary discriminating factors that this policy addresses are: age; disability; religion; ethnic origin; gender; and sexual orientation.

Policy on Reserves

The Board has set a general unrestricted reserve target of 8% of total incoming resources, excluding restricted funds, property funding and pensions reserve, with a minimum of 5%. Resources in excess of target may be transferred to any designated reserve at the discretion of the Board. These reserves are required in order to sustain operations over a period if temporary fluctuations in income and expenditure levels are experienced.

The Company currently has three designated reserves, the Lifecycle Maintenance Reserve, the Facility Vision Reserve and the Property Reserve.

The purpose of the Lifecycle Maintenance Reserve is to fund major repairs and significant 'spend to save' initiatives.

The Facility Vision Reserve is designated specifically to contribute to the Company's vision for facilities at the Perth Leisure Pool/Dewars site and Bell's Sport Centre.

The Property Reserve is funded by grants received from external bodies and funds allocated by the Company with the purpose of buying or constructing property. The funds are fully committed for transfer to the General Reserve in line with the useful lives of the existing buildings.

The balances on the Reserves as at 31 March 2012 were:

Health & Inclusion Fund	The Ballechin Fund	Financial Assistance Reserve	Lifecycle Maintenance Reserve	Facility Vision Reserve	Property Reserve	Pension Reserve	General Reserve
£29K	£9K	£73K	£1,255K	£4,325K	£13,658K	(£4,992K)	£1,120K

The existence of the pension deficit may be indicative of future increases in pension costs and may limit the Company's ability to change pension arrangements in the future due to commitments to current provider.

Policy on Grant Making

The Company applies to the Gannochy Trust for financial assistance to support Sports Coaching Initiatives within the Perth and Kinross area.

LIVE ACTIVE LEISURE LIMITED
(Company Limited by Guarantee and not having a Share Capital)

DIRECTORS' REPORT (Continued)

RISK MANAGEMENT

The Company has undertaken a Business Risk Analysis. This analysis has resulted in a risk log that identifies the major risks that exist within the Company and the means by which the Company will manage such risks.

The Company carries out an annual review of its activities and produces an updated comprehensive risk schedule.

REVIEW OF ACTIVITIES AND FUTURE DEVELOPMENTS

Live Active Leisure has attached significant importance to advancing its Perth City Facility Vision with this importance being increased as a result of the challenging economic climate.

The Company has engaged with external partner organisations as part of the formal funding submission process whilst progress was also made in relation to more detailed feasibility studies, the updating of condition surveys and the engagement of a Project Manager. The progression of funding support applications will be a priority activity going forward.

This very significant and exciting Leisure Park project was boosted by confirmation of funding support from Perth and Kinross Council.

The transfer of operation and management responsibility of Dewars Centre which forms a key part of the vision for the overall Leisure Park site took place on 1 May 2012 after a process of due-diligence with both Perth Ice Rink (1988) Ltd and Perth & Kinross Council to ensure a sustainable service is delivered without exposing Live Active Leisure Limited to unacceptable risk.

At the same time as planning for the Perth City Facility Vision, the Company has continued its programme of essential investment in a range of facilities and services across the Perth and Kinross area including a number of facility enhancements and essential maintenance and replacement projects. Additionally, the Company has supported a range of 'spend to save' projects to mitigate funding pressures and deliver operational efficiencies going forward.

To continue to preserve and provide for long term viability, the Company must generate and retain a suitable level of reserves. In light of the financial climate and the challenging plans, the Company will continually review and update its Reserve Policy to ensure that reserves held are at an appropriate level and are designated when required for a specific purpose.

Live Active Leisure has continued to increase its turnover and admissions against a backdrop of a reducing core contract fee. Despite this challenge, the range of activities delivered by the Company continues to grow and reflects demand, contractual priorities and commercial potential to assist the cross-subsidisation of social provision, thus reducing exposure to risk.

Importantly, once again the Company enjoyed the generous support of the Gannochy Trust in relation to delivering a myriad of Sports Related Initiatives. Additionally, the Company has also successfully attracted partnership funding from, amongst others, NHS Tayside to support the continued delivery of targeted community priority activities.

LIVE ACTIVE LEISURE LIMITED
(Company Limited by Guarantee and not having a Share Capital)

DIRECTORS' REPORT (Continued)

The Company has also progressed a myriad of initiatives ranging from a Health and Physical Activity Recognition Programme Award, renewal of the Social Enterprise Mark, Facility 'Leisuresafe' Award, QUEST Quality Accreditation Award, the adoption of the Scottish National Swim Programme attracting over 123,000 admissions, and also a Partnership Initiative with the local Youth Council to assess the relevance and quality of facilities and services from a youth perspective. These examples provide increased confidence of the appropriateness, quality and sustainability of the Company's services and activities going forward.

During the year, the Company undertook a review of its support services and as a result, Payroll Services are now provided 'in-house' delivering both efficiencies and greater alignment to the needs of the Company.

In line with Payroll Services, the Company has been considering and preparing for changes in Pension Legislation which will impact during the next two years. In recognising the scale and complexity of this impending requirement, the Company has actively participated in various workshops and most appropriately, has been part of a Sporta shared approach to establish the most effective and appropriate solution.

Additionally, the Company will continue to monitor and review any impact, positive or otherwise, that the developing operating arrangements in Community Campuses and other school facilities have on historical performance of existing facilities. Any impacts will be reflected in a continuous review of facilities and services and it is expected that Perth & Kinross Council will also take cognisance of any such impacts when considering future development.

The Company will commit to not only meeting the challenges of the current year within the contract but will also continue to seek to advance the benefit that would result from the development of a 3-year funded and specified contract for 'core' services. The challenging period of austerity further supports the importance and delivery of a longer term contract as it would enable the Company to most effectively plan for and manage the reduced contract fee in a way that minimises the impact on the services most valued by the communities of Perth and Kinross.

The Company aspires to deliver further appropriate services under contract and through partnership or independently, however it is important to regard this not simply as a transfer of services but rather as an opportunity to transform services positively. The Company therefore remains committed to exploring the potential for delivering other sports and leisure services across the Perth and Kinross area where a business case can be presented and the achievement of 'added value' can be expected. The 'not for profit' construct of Live Active Leisure is considered to make this an approach that can most effectively serve both partner and community needs. The Company has commenced discussion with the Council in relation to the management and operation of the North Inch Golf Course and also seeks the opportunity to present a proposition in relation to sporting or related activity such as Sports Development where increased synergy and cohesion can be expected. This approach supports the Company's aspiration to be viewed as the preferred delivery partner for sport, leisure and physical activity for the Council based on the benefits deliverable.

The Company continues to seek an urgent resolution to the on-going concerns over the lease agreement for the A K Bell Library which has the potential to expose the Company to unacceptable risk which would compromise its ability to project a sustainable business model. Positive discussions are on-going in this respect.

LIVE ACTIVE LEISURE LIMITED
(Company Limited by Guarantee and not having a Share Capital)

DIRECTORS' REPORT (Continued)

The Company recognises the employees as its principal asset, the essential role which dedicated and skilled employees play in the continued success of the Company and that cognisance should be given to the appropriate reward and retention of those who contribute positively to that success. The Company will continue the development of its staffing strategy with a longer-term view which considers the increasing need for service and financial flexibility whilst striving to retain, develop and reward those that help the business succeed. The Company commenced a review of staffing during the year and this will continue to progress going forward.

In line with this, the Company will also continue to promote and deliver development opportunities for its employees to excel in their increasingly varied roles. Development opportunities will increasingly focus on core skills whilst also seeking to reflect the legacy opportunities that will flow from the 2012 Olympics and the 2014 Commonwealth Games, thus ensuring that staff are developed in a pre-emptive manner to embrace any 'wave' of new sporting interest that may result.

The year has also seen considerable discussion with Perth and Kinross Council in exploring the merit of becoming a Sole Member Organisation with the Council as the Sole Member. These discussions will continue as the Company moves forward and will be predicated on acting in the belief of any outcome being in the best interest of the Company.

LIVE ACTIVE LEISURE LIMITED
(Company Limited by Guarantee and not having a Share Capital)

DIRECTORS' REPORT (Continued)

DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Directors to prepare financial statements for each financial year, that give a true and fair view of the state of affairs of the Company and of the incoming resources and application of resources, including the income and expenditure, of the Company for the year.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles of the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of Information to Auditor

In so far as the Directors are aware:

- There is no relevant audit information of which the charitable Company's auditor is unaware; and
- The Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

A resolution to re-appoint Campbell Dallas LLP as auditor for the ensuing year will be proposed at the Annual General Meeting.

By order of the Directors:

Linton Scarborough
(Chairman)

Date:

INDEPENDENT AUDITOR REPORT TO THE MEMBERS OF LIVE ACTIVE LEISURE LIMITED

We have audited the financial statements of Live Active Leisure Limited for the year ended 31 March 2012 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made exclusively to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charity's directors, as a body, in accordance with section 44(1)(c) of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on page 11, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;

**INDEPENDENT AUDITOR REPORT
TO THE MEMBERS OF LIVE ACTIVE LEISURE LIMITED**

- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; and
- we have not received all the information and explanations we require for our audit.

NEIL MORRISON (SENIOR STATUTORY AUDITOR)
FOR AND ON BEHALF OF CAMPBELL DALLAS LLP
CHARTERED ACCOUNTANTS & REGISTERED AUDITORS
ELIGIBLE TO ACT AS AN AUDITOR IN TERMS OF SECTION 1212 OF THE COMPANIES
ACT 2006
4 ATHOLL CRESCENT
PERTH
PH1 5NG

Dated:

LIVE ACTIVE LEISURE LIMITED
(Company Limited by Guarantee and not having a Share Capital)

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2012
(Incorporating the Income & Expenditure Account)

	Note	Unrestricted Funds £000	Restricted Funds £000	2012 Total £000	2011 Total £000
Incoming Resources					
From Generated Funds:					
Investment Income	2	69	-	69	52
From Charitable Activities:					
Services to Perth & Kinross Council		3,767	-	3,767	3,768
Operating Activities		5,211	-	5,211	4,958
Grant funding		42	192	234	236
		9,020	192	9,212	8,962
Total Incoming Resources		9,089	192	9,281	9,014
Resources Expended					
Charitable Activities:					
Operating Activities	3	8,886	122	9,008	7,711
Grants for Sporting & Recreational Purposes	3	31	39	70	134
Governance Costs	4	9	-	9	11
Total Resources Expended		8,926	161	9,087	7,856
Net Incoming Resources		163	31	194	1,158
Other Recognised Gains and Losses					
Actuarial Gain/(loss) on Defined Benefit Pension Scheme	17	(3,846)	-	(3,846)	1,913
Gain on Value of Investments	8	(1)	-	(1)	-
		(3,847)	-	(3,847)	1,913
Net Movement in Funds		(3,684)	31	(3,653)	3,071
Reconciliation of Funds					
Total funds brought forward		19,050	80	19,130	16,059
Total funds carried forward		15,366	111	15,477	19,130

All incoming resources and resources expended derive from continuing activities

LIVE ACTIVE LEISURE LIMITED (formerly Perth & Kinross Leisure)
(Company Limited by Guarantee and not having a Share Capital)

BALANCE SHEET AS AT 31 MARCH 2012

	Notes	2012 £000	2012 £000	2011 £000
Fixed Assets				
Tangible Assets	7		13,658	14,640
Investments	8		-	1
			<u>13,658</u>	<u>14,641</u>
Current Assets				
Stocks		31		30
Debtors	9	346		178
Cash in Hand and at Bank		7,962		6,885
			<u>8,339</u>	<u>7,093</u>
Current Liabilities				
Bank Overdraft		90		36
Creditors (amounts due within 1 year)	10	1,438		1,423
			<u>1,528</u>	<u>1,459</u>
Net Current Assets				
			<u>6,811</u>	<u>5,634</u>
Total Assets Less Current Liabilities				
			20,469	20,275
Pension Liability				
	17		<u>4,992</u>	<u>1,145</u>
Net Assets Including Pension Liability				
			<u>15,477</u>	<u>19,130</u>
Reserves				
Restricted Reserves	11		111	80
Designated Reserves	12		19,238	19,370
Unrestricted Reserves	13		(3,872)	(320)
			<u>15,477</u>	<u>19,130</u>

The financial statements have been prepared in accordance with provisions applicable to medium sized companies and were approved by the Board on 25 October 2012.

..... (Director) Linton Scarborough

..... (Director) Bill Duncan

..... (Date)

**LIVE ACTIVE LEISURE LIMITED (formerly Perth & Kinross Leisure)
(Company Limited by Guarantee and not having a Share Capital)**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

	Note	2012 £000	2011 £000
Net Cash Inflow from Operating Activities	15	972	937
Return on Investments and Servicing Finance			
Interest Received	2	69	52
		<u>1,041</u>	<u>989</u>
Capital Expenditure and Financial Investment			
Capital Expenditure	7	18	-
		<u>1,023</u>	<u>989</u>
Financing			
Increase/(Decrease) in Loan Debt		-	
(Decrease)/Increase in Cash		<u>1,023</u>	<u>989</u>
Reconciliation of Net Cash Flow to Movement in Net Debt			
(Decrease)/Increase in Cash During the Year		1,023	989
Cash Outflow/(Inflow) from Debt and Lease Financing	16	-	-
		<u>1,023</u>	<u>989</u>
Net Cash in Hand and Bank at Beginning of Year		<u>6,849</u>	<u>5,860</u>
Net Cash in Hand and Bank at End of Year	16	<u>7,872</u>	<u>6,849</u>

**LIVE ACTIVE LEISURE LIMITED (formerly Perth & Kinross Leisure)
(Company Limited by Guarantee and not having a Share Capital)**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2012

1. ACCOUNTING POLICIES

Accounting Convention

The financial statements have been prepared under the historical cost convention with the exception of investments which are stated at market value. The financial statements are also in accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2005) issued in March 2005, the Charities Accounts (Scotland) Regulations 2006, applicable accounting standards and the Companies Act 2006.

Fixed Assets

Individual fixed assets costing more than £10,000 are capitalised at cost. IT equipment and assets relating to refurbishment are expended in full in the year of purchase.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life, less estimated residual value.

Heritable Buildings	2 – 8% on cost
Plant & Machinery	20 – 33% on cost
Fixtures & Fittings	20% on cost

Stock

Stock is valued at the lower of cost and net realisable value. Cost comprises actual purchase prices of goods for resale, uniforms and consumables.

Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the term of the lease.

Grants

Grants received in relation to capital expenditure are credited to income and expenditure in the period in which the company becomes entitled to them.

Incoming Resources

Incoming resources represents the total value of all income receivable during the year.

Income from operating activities comprises of the total value of income receivable during the year for admissions, memberships, rents and catering.

Pension Contributions

The Company operates a pension scheme for certain employees. The cost of pension contributions is charged against revenue in order to recognise the expected cost of providing pensions on a systematic and rational basis over the employees' expected working lives with the Company.

The Company is an admitted body to the Local Government Pension Scheme (LGPS). This is a defined benefit scheme to which all employees are eligible to join. The LGPS is operated through a number of local pension Funds with Live Active Leisure Limited and its employees contributing to the Tayside Superannuation Fund administered by Dundee City Council.

The Company, acting through the administering authority, have employed the fund's actuaries Barnett Waddingham to value Live Active Leisure Limited's share of the assets and liabilities of Tayside Superannuation Fund as at 31 March 2012.

LIVE ACTIVE LEISURE LIMITED
(Company Limited by Guarantee and not having a Share Capital)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2012

Taxation

The Company is a registered charity and is subject neither to Corporation Tax nor Income Tax.

Fund Accounting

Funds held by the charity are classified as follows:

Unrestricted general reserves – these are funds which can be used in accordance with the charitable objectives at the discretion of the Board.

Designated reserves – these are funds set aside by the Board out of unrestricted reserves for the purposes of projects.

Restricted reserves – these funds are created for a defined purpose and may only be used in accordance with the defined purpose.

Unrestricted general reserves in excess of target may be transferred to any designated reserve at the discretion of the Board. The Company currently has three designated reserves, the Facility Vision Reserve, the Lifecycle Maintenance Reserve and Property Reserve.

Resources Expended

All expenditure is accounted for on an accruals basis. Where costs cannot be directly attributed to particular cost headings they have been allocated to activities on a basis consistent with the use of the resources. Resources expended include attributable VAT which cannot be recovered.

Grants Payable are accounted for on an accruals basis.

Charitable activities include expenditure associated with the provision of leisure services, sports development community programme of health and fitness and include both the direct costs and support costs.

Support costs include central functions and have been allocated direct to the charitable activities of the company.

Governance costs are those costs incurred in connection with compliance with constitutional and statutory requirements.

2. Investment Income

	2012	2011
	£000	£000
Interest Received		
On General Funds	69	52
	69	52

LIVE ACTIVE LEISURE LIMITED
(Company Limited by Guarantee and not having a Share Capital)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2012

3. Resources Expended on Charitable Activities

	2012	2011
Operating Activities	£000	£000
Staff Costs	5,168	5,000
Property Costs	1,907	1,984
Depreciation	1,000	1,005
Supplies & Services	733	673
Administration Costs	199	247
Pension Fund Costs	1	(1,198)
	9,008	7,711

Support Costs Included Above -

Staff Costs	705	699
Property Costs (Incl Depreciation)	7	6
Supplies and Services	89	92
Services from Perth & Kinross Council	95	145
Other Administration Costs	40	40
	936	982

Grants for Sporting & Recreational Purposes

	2012	2011
	£000	£000
Grants to Institutions		
Sports Coaching Initiatives	70	134
	70	134

4. Governance Costs

	2012	2011
	£000	£000
Auditors Remuneration	8	10
Pension Fund Report	1	1
	9	11

5. Staff Costs and Numbers

	2012	2011
	£000	£000
Wages & Salaries	4,368	4,178
Social Security Costs	236	235
Pensions	522	516
Other Costs	42	71
	5,168	5,000

The average monthly number of full time equivalent employees during the year were as follows:

	2012	2011
Instruction	29	28
Leisure Management	40	36
Operational	137	188
Support	19	19

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2012

The number of employees receiving remuneration in excess of £60,000 is as follows:

	2012	2011
£60,000 - £70,000	1	1
Employers pension contribution for year	£12K	£12K

No Directors received any remuneration or expenses in their role as Director (2011 £Nil).

6. Transfer To and From Reserves	2012	2011
	£000	£000
To/(From) The Ballechin Fund	-	(6)
To/(From) Financial Assistance Reserve	3	-
To/(From) Health & Inclusion Reserve	29	-
To/(From) Lifecycle Maintenance Reserve	325	(2,750)
To/(From) Facility Vision Reserve	525	3,800
To/(From) Property Reserve	(982)	(1,000)
To/(From) Pension Reserve	(1)	1,198
To/(From) General Reserve	295	(84)
Total Funds transfer from Net Incoming Resources for year	194	1,158

7. Tangible Fixed Assets

	Land & Buildings	Plant & Equipment	Total
	£000	£000	£000
Cost			
At 1 April 2011	25,627	174	25,801
Additions	18	-	18
At 31 March 2012	25,645	174	25,819
Depreciation			
At 1 April 2011	10,987	174	11,161
Charge for the Year	1,000	-	1,000
Disposals	-	-	-
At 31 March 2012	11,987	174	12,161
Net Book Value			
At 31 March 2012	13,658	0	13,658
At 31 March 2011	14,640	0	14,640

The net book value of £13,658K does not include any assets held under finance lease agreements.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2012

8. Investments

	Listed £000
Total Investments at 1 April 2011	1
Movement in Year	(1)
Total Investments at 31 March 2012	0

Listed

The Company holds 83 Santander shares which were obtained at no cost. The value of the shareholding at 31 March 2012 was £471 (£697 at 31 March 2011).

9. Debtors

	2012 £000	2011 £000
Trade Debtors	307	161
Prepayments	39	17
	346	178

10. Creditors – Amounts falling due within one year

	2012 £000	2011 £000
Trade Creditors	337	221
Accruals	751	906
Other Taxes and Social Security Costs	350	296
	1,438	1,423

11. Restricted Reserves

	Health & Inclusion Reserve £000	The Ballechin Fund £000	Financial Assistance Reserve £000	Total Other Funds £000
Balance as at 1 April 2011	-	9	71	80
Contributions for Year	84	-	108	192
	84	9	179	272
Revenue Expenditure During Year	55	-	106	161
Total Restricted Reserves	29	9	73	111

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For the year ended 31 March 2012

Health & Inclusion Reserve

The Health & Inclusion Reserve is a restricted reserve in so far as the Company receives grants from NHS Tayside for health improvement and inclusion remits and initiatives for the purpose of supporting programme and service development for this agenda. Grant aid from Air Quality Funding and Paths for All is also reserved to support the Stride for Life project.

Financial Assistance Reserve

The Financial Assistance Reserve is a restricted reserve in so far as the Company receives an annual grant from the Gannochy Trust for the defined purpose of awarding financial assistance to sports initiatives.

The Ballechin Fund

A legacy of £30k was received on 10 March 2008 from Miss EM Honeyman's estate to be known as the Ballechin Fund to be utilised solely for the maintenance or capital expenditure associated with the new recreation centre to be built within the new Aberfeldy Community School.

12. Designated Reserves

	Facility Vision Reserve £000	Lifecycle Maintenance Reserve £000	Property Reserve £000	Total Designated Reserves £000
Balance as at 1 April 2011	3,800	930	14,640	19,370
Contributions for Year	525	325	18	868
	<u>4,325</u>	<u>1,255</u>	<u>14,658</u>	<u>20,238</u>
Amortisation for Year	-	-	1,000	1,000
	<u>4,325</u>	<u>1,255</u>	<u>13,658</u>	<u>19,238</u>
Transfers between reserves	-	-	-	-
Total Designated Reserves	<u>4,325</u>	<u>1,255</u>	<u>13,658</u>	<u>19,238</u>

The designated reserves are funds set aside by the Board out of unrestricted reserves for the purposes of projects:

Lifecycle Maintenance Reserve

The Major Refurbishment Reserve has been renamed as the Lifecycle Maintenance Reserve and is funds set aside for major repairs and significant 'spend to save' initiatives. It is funded by resources allocated by the Company.

Facility Vision Reserve

The Facility Vision Reserve is funds set aside for the delivery of the Company's Facility Vision projects. It is funded initially by a redesignation from the Lifecycle Maintenance Reserve and then by resources allocated by the Company which in turn support the submission of external funding support applications.

Property Reserve

The Property Reserve has been funded by grants received from external bodies and funds allocated by the Company for investment in the purchase or construction of buildings. The funds are fully committed for transfer to the general reserve in line with the useful lives of the existing buildings.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2012

13. Reconciliation of Movement in Reserves

	2012	2011
	£000	£000
Net Incoming Resources for Year	194	1,158
Actuarial Gain/(Loss) on Pension Fund	(3,846)	1,913
Gain/(Loss) on Investments	(1)	-
Net Reduction to Reserve	(3,653)	3,071
Opening Reserves	19,130	16,059
Closing Reserves	15,477	19,130
Restricted Reserves	111	80
Designated Reserves	19,238	19,370
Unrestricted Reserves	(3,872)	(320)
	15,477	19,130
<u>Unrestricted Reserves</u>		
General Reserve excluding Pension Liability	1,120	825
Pension Reserve (Deficit)	(4,992)	(1,145)
Unrestricted Reserve	(3,872)	(320)

14. Analysis of Net Assets between Reserves

	Unrestricted	Designated	Restricted	Total	Total
	Reserves	Reserves	Reserves	2012	2011
	£000	£000	£000	£000	£000
Tangible Assets	-	13,658	-	13,658	14,640
Investments	-	-	-	-	1
Stocks	31	-	-	31	30
Debtors	346	-	-	346	178
Cash in Hand and at Bank	2,229	5,580	153	7,962	6,885
Bank Overdraft	(90)	-	-	(90)	(36)
Creditors (amounts due within 1 year)	(1,396)	-	(42)	(1,438)	(1,423)
Pension Liability	(4,992)	-	-	(4,992)	(1,145)
	(3,872)	19,238	111	15,477	19,130

15. Reconciliation of Net Incoming Resources to Net Cash

Inflow from Operating Activities	Notes	2012	2011
		£000	£000
Net Incoming Resources		194	1,158
Interest Received	2	(69)	(52)
(Increase)/Decrease in Stocks		(1)	(6)
Decrease/(Increase) in Debtors	9	(168)	31
Increase/(Decrease) in Creditors	10	15	(1)
Depreciation	7	1,000	1,005
Pension Fund Costs	3	1	(1,198)
Net Cash Inflow from Operating Activities		972	937

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For the year ended 31 March 2012

16. Analysis of Cash and Cash Equivalents

Long Term Loan Balances (ie Net Debt)	At 1 April 2011 £000	Cash Flows £000	At 31 March 2012 £000
Cash in Hand and at Bank	6,849	1,023	7,872
Bank Loan	-	-	-
	<u>6,849</u>	<u>1,023</u>	<u>7,872</u>

17. Pension Commitments

The Company is an admitted body to the Local Government Pension Scheme (LGPS). This is a defined benefit scheme to which all employees are eligible to join. The LGPS is operated through a number of local Pension Funds with Live Active Leisure Limited and its employees contributing to the Tayside Superannuation Fund administered by Dundee City Council. In the year to 31 March 2012, the employers' contribution rate was 18.5% of earnings by employees. The employers' contribution rate will be 18.5% for the next financial year.

The Company, acting through the administering authority, have employed the fund's actuaries Barnett Waddingham to value Live Active Leisure Limited's share of the assets and liabilities of Tayside Superannuation Fund as at 31 March 2012. The actuaries have used the following financial assumptions in their calculations.

Assumptions	2011/12 % p.a.	2010/11 % p.a.	2009/10 % p.a.
Price Increases	3.3	3.5	3.9
Salary Increases	4.8	5.0	5.4
Pension Increases	2.5	2.7	3.9
Discount Rate	4.6	5.5	5.5

The discount rate is the yield on the iBoxx AA rated over 15 year Corporate Bond Index. The price increases and pension increases assumptions are based on the unadjusted difference between conventional gilt yields and index-linked gift yields at the accounting date. Salary increases are then assumed to be 1.5% above price increases, as last year.

Life Expectancy from age 65 years:

	Males	Females
Retiring today	20.6	22.8
Retiring in 20 years	21.8	24.4

The Category of Assets in the Scheme

	2012 %	2011 %
Equities	68	72
Gifts	8	7
Other Bonds	11	10
Property	11	9
Cash	2	2
Total	<u>100</u>	<u>100</u>

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For the year ended 31 March 2012

Expected Return on Assets

The expected return on assets is based on the long term future expected investment return for each asset class as at the beginning of the period (i.e. as at 1 April 2011 for the year to 31 March 2012). The return on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The return on equities and property is then assumed to be a margin above gilt yields.

The Amounts Recognised in the Pension Fund Profit & Loss Statement are:	2012	2011
	£000	£000
Current Service Cost	592	599
Interest on Obligation	566	708
Expected Return on Investments	(634)	(631)
Past Service Cost	-	(1,359)
Losses (Gains) on Curtailment and Settlement	(12)	-
Total	536	(683)
Actual Return on Scheme Assets	35	683

Reconciliation of Opening & Closing Balances of the Present Value Of the Defined Benefit Obligation:	2012	2011
	£000	£000
Opening Defined Benefit Obligation	10,671	12,557
Service Cost	592	599
Interest Cost	566	708
Actuarial Losses (Gains)	2,119	(1,860)
Losses (Gains) on Curtailments	12	-
Estimated Benefits Paid Net of Transfers In	(133)	(139)
Past Service Cost	-	(1,359)
Contributions by Scheme Participants	166	165
Closing Defined Benefit Obligation	13,993	10,671

Reconciliation of Opening & Closing Balances of the Value of Scheme Assets:	2012	2011
	£000	£000
Opening Value of Scheme Assets	9,526	8,301
Expected Return on Scheme Assets	634	631
Actuarial Gains (Losses)	(1,727)	53
Contributions by Employer	535	515
Contributions by Scheme Participants	166	165
Estimated Benefits paid Net of Transfers In	(133)	(139)
Fair Value of Scheme Assets at End of Period	9,001	9,526

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Reconciliation of Opening & Closing Surplus:	2012	2011
	£000	£000
Surplus (Deficit) at Beginning of Year	(1,145)	(4,256)
Current Service Cost	(592)	(599)
Employer Contributions	535	515
Past Service Costs	-	1,359
Other Finance Income	68	(77)
Settlements/Curtailments	(12)	-
Actuarial Gain/(Loss)	(3,846)	1,913
Surplus (Deficit) at End of the Year	(4,992)	(1,145)

Sensitivity Analysis

The following table sets out the impact of a small change in the discount rates on the defined benefit obligation and projected service cost along with a +/- 1 year age rating adjustment to the mortality assumption.

	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present Value of Total Obligation	13,489	13,993	14,517
Projected Service Cost	766	804	844
Adjustment to mortality age rating assumption	+1 year	None	-1 year
Present Value of Total Obligation	13,468	13,993	14,524
Projected Service Cost	768	804	841

Amounts for the Current and Previous Four Periods:	2012	2011	2010	2009	2008
	£000	£000	£000	£000	£000
Defined Benefit Obligation	(13,993)	(10,671)	(12,557)	(7,255)	(7,970)
Scheme Assets	9,001	9,526	8,301	5,714	7,740
Surplus/(Deficit)	(4,992)	(1,145)	(4,256)	(1,541)	(230)
Experience Adjustments on Scheme Liabilities	85	-	-	318	-
Percentage of Liabilities	0.6%	-	-	4.4%	-
Experience Adjustments on Scheme Assets	(1,727)	53	1,684	(3,147)	(923)
Percentage of Assets	(19.2%)	0.6%	20.3%	(55.1%)	(11.9%)
Cumulative Actuarial Gains and Losses	(5,230)	(1,384)	(3,297)	(466)	1,028

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Net Pension Liability as at:	2012	2011
	£000	£000
Present Value of Funded Obligation	(13,993)	(10,671)
Fair Value of Scheme Assets	9,001	9,526
Net Liability in Balance Sheet	(4,992)	(1,145)

Projections for Year to 31 March 2013:

Service Cost	804
Interest Cost	663
Return on Assets	(569)
Total	898
Employer Contributions	510

Note – These figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2012.

17. Ultimate Controlling Party

The Company was under the ultimate control of its directors throughout the whole of the current year.

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For the year ended 31 March 2012
